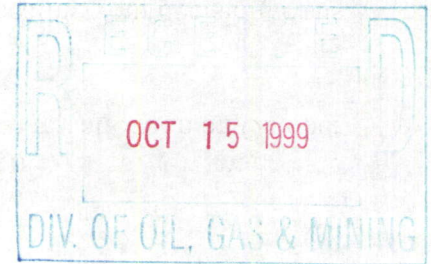


# ABSOLUTE MINING & MINERALS, LLC

Orig - Mine file  
M. Wright  
W. Hobbie  
L. Braxton  
145 South 1350 East  
Lehi, Utah 84043  
Telephone (801) 768-3315  
10-16-99

October 13, 1999



STATE OF UTAH  
Department of Natural Resources  
Division of Oil, Gas and Mining  
Suite 1210  
P. O. Box 145801  
1594 West North Temple  
Salt Lake City, Utah 84114-5801  
ATTN: Lowell P. Braxton, Director

Re: Notice of Agency Action, Division Order, File No. S/019/035, October 6, 1999.

Dear Sirs:

I am in receipt of your letter dated October 6, 1999. This certified letter from your office was accepted by someone at my office on October 8, 1999, and it was brought to my attention on October 11, 1999..

In response, this letter is to inform you that I am formally appealing your decision for us to cease immediately all operations, post an interim reclamation surety and submit a Large Mining Notice of Intention. I hereby request the informal administrative hearing provided for under Rules and Sections 63-46b-4 and 63-46b-5 of the Utah Code Annotated (1953, as amended).

This hearing is requested for the following reasons:

1. As your letter dated May 14, 1999 (a copy of which is attached), indicates, many disturbances were present prior to AMMI's operation. All disturbances which were existing prior to our operations and have undergone reclamation by AMMI and improvements to property need to be identified (mine site pictures prior to any reclamation by AMMI).
2. The need exists to have an independent, on-site, certified survey of the area, 4.1 acres, which is permitted for mining, excluding prior disturbances and areas reclaimed by AMMI. As your letter dated May 14, 1999, indicates, your inspection team, without any notice to us, inspected the site. According to the letter the team walked in to the site because the road was slick in spots. The entire inspection and on-site calculations were made in less than two hours and the GPS survey was not able to close out as is indicated in Paragraph 4 of your letter of May 14, 1999. Under your current demands, we find this unacceptable evidence relative to your assertions regarding violations of our mining permit.

3. All access roads to which you refer in your letter dated May 14, 1999, were in place and documented prior to AMMI's beginning operations. This information was to have been reviewed and coordinated with Bureau of Land Management before action was taken as indicated in Paragraph 6 of your letter dated May 14, 1999. To date we have no knowledge that this has been taken into consideration on any level of legal, responsible action and therefore it is still pending and incomplete.
4. We believe that, after a total review of all photos, surveys and information, all parties will be able to agree that AMMI has performed reclamation on far more properties than it has mined including reclamation of areas for which it had no responsibility to reclaim. AMMI was only trying to assist at its expense in the reclamation or cleaning up of other's mistakes.

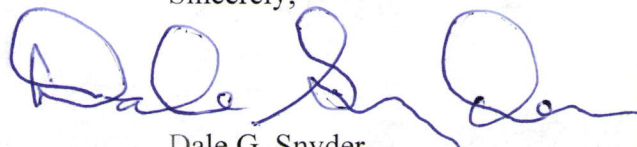
AMMI has paid Federal BLM lease fees amounting to thousands of dollars over the past four years for the rights to mine this property and has invested hundreds of thousands of dollars in this project in order to have a viable operation. Your demands now are creating undue hardship on this project and we object to this harsh treatment on your part with insufficient, factual information.

Our goal is not to abuse our rights or permit by exceeding our boundaries by inches or feet, comparatively speaking. Our goal is to work toward making a profit and reclaiming property which we disturb and that which was left in a nightmarish condition by previous operators. We hope to work cooperatively with all parties to accomplish these goals.

AMMI was not given advance notice of the inspection that took place on April 30, 1999. Had I known, I personally would have been there to answer all questions and clarify information related to prior disturbances. We earnestly request that it be mandatory for any and all future inspections to have present a representative of AMMI. This may avoid much expense and anguish for all parties.

Thank you for your consideration. We await your response and notification as to the date of our hearing.

Sincerely,



Dale G. Snyder  
Managing Partner



**State of Utah**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

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Salt Lake City, Utah 84114-5801

801-538-5340

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801-538-7223 (TDD)

May 14, 1999

TO: Minerals File

FROM: Tony Gallegos, Senior Reclamation Specialist *dag*

RE: Site Inspection, Absolute Mining and Minerals, Ammi Mine, S/019/035, Grand County, Utah

Date of Inspection: April 30, 1999  
Time of Inspection: 1330-1520  
Conditions: Partly cloudy, warm  
Participants: Sal Venticinque, BLM; Tony Gallegos and Doug Jensen, DOGM

Purpose of Inspection: To document the current status of the site while in the area

The access road to the site includes a locked gate a quarter to one half mile from the mine site. We decided not to drive into the site since the road was slick in several spots due to the recent rains. We walked in to the site from the main gate.

According to Sal, the site near the main building did not appear to have changed significantly since his last inspection. He mentioned that the map on file with the BLM for the plan of operations may not accurately reflect the current surface disturbances. A GPS unit was used to locate a coordinate point near the center of the main compound area near the building. The point was named "ammil."

There was a large variety of equipment on site. There was a piece of equipment on site which included a centrifuge with spirals and three clarifying tanks. It is unknown, if this was new equipment or just some modifications since the last Division inspection. Previous Division photos will need to be compared with the photos from this inspection to see what had changed.

The access road to the mine site is considered an existing county road all the way up to the locked gate. BLM currently holds a bond in the amount of \$8,200 for this site, because it is permitted with them as a Plan of Operations. Sal mentioned that several different operators had worked in this area prior to the Plan of Operations filed by Ammi. This means the area had a number of disturbances which were existing prior to Ammi's operations. The existing disturbances were not well documented prior to Ammi's initiation of operations. There may be an aerial photo on file with the BLM which was used to calculate

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Site Inspection  
S/019/035  
May 14, 1999

the bond estimate. This aerial photo may show existing disturbances as of the date it was taken, however, the date may not coincide with the date Ammi began operations.

A disturbance at this site which appeared to be recent was located on the top of a small hill. It appears that the operator had been grading material down off the top of the hill, down a narrow chute to feed material into a screening system.

There was a road disturbance which was bladed to the pump located on the banks of the Dolores River. This road disturbance appeared to have been recently created. The pipeline from the pump to the main building is buried in this road cut

After walking over portions of this site, it was decided that we should take an area measurement using the GPS unit. The plan was to walk one general perimeter of the site disturbances to get a conservative estimate of the disturbed acreage as a polygon. This would be considered a conservative estimate because a number of disturbances were isolated and could not easily be included in the measurement. The measurement began on the access road near the earthen berm and went in a counter clockwise direction around the disturbed area. This berm appears to have been constructed to divert the drainage from the main work area.

The perimeter continued along the berm around the building and up around the disturbance on the small hill. The perimeter continued down off the hill along the slot. The perimeter did not include the access road up this hill. The access road is estimated to be about 660 feet long by 30 feet wide. The perimeter continued from the bottom of the hill around a reject gravel area that also appeared to have been recently used. From this gravel area the perimeter continued around a settling pond near the centrifuge equipment. After going around that equipment area the perimeter continued out on the road leading to the pump station. At the end of this road near the river channel the power cord to the GPS unit was disconnected. The polygon feature could not be accessed or closed. From this point the distance from the pump back along the road to the starting point was paced. The road cut was approximately 25 feet wide. The distance along the road to the starting point was approximately 475 feet. This information may help to close the polygon and calculate an area.

Photos of the various site features were taken from several different vantage points. Photos of the area disturbances located outside of the perimeter were also taken. Some areas outside of the perimeter were possibly impacted by this operation, although the vegetative growth in these areas would date the disturbance as being up to five years old. According to Sal, the original mine plan called for mining of gravels near the river bottom. The photos of these areas outside of the perimeter would document the status of the area near the river bottom which the operator had planned to mine.

In conclusion, the Division files will have to be reviewed to determine if this operation is following the approved mine plan. The area measurement from the GPS unit will have to be reviewed if the data is intact. The Division will need to coordinate with the BLM when considering the next actions if any.

jb  
cc: Dale Snyder, Absolute Mining and Minerals  
Sal Venticinque, BLM, Moab Field Office  
S19-35.ins